



***Puerto Rico Department of Treasury***

***Treasury Single Account ("TSA") FY 2020 Cash Flow***

***As of July 19, 2019***

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## Glossary

Term	Definition
ACAA	- Automobile Accident Compensation Administration, or Administración de Compensaciones por Accidentes de Automóviles, is a component unit of the Commonwealth of Puerto Rico.
Act 154	- Act 154 means Act No. 154-2010, which, inter alia, imposes a temporary excise tax on the acquisition by multinationals of certain property manufactured or produced in whole or in part in Puerto Rico and on the acquisition of certain manufacturing services carried out in Puerto Rico. The Act 154 temporary excise tax expires on December 31, 2027.
AFI / PRIFA	- Infrastructure Financing Authority.
Agency Collections	- Collections made by central government agencies at collection posts for services rendered by the agencies as well as fees, licenses, permits, fines and others.
ASC	- Compulsory Liability Insurance, private insurance company.
ASES	- Puerto Rico Health Insurance Administration, a public corporation and component unit of the Commonwealth of Puerto Rico.
BBA	- BBA refers to the Bipartisan Budget Act of 2018 passed by the United States Congress on 2/9/2018. The BBA includes provisions for additional disaster relief funding for Puerto Rico in addition to incremental federal funds to support Puerto Rico's public health care costs (Medicaid funding) for two years.
CINE	- Puerto Rico Cinema Fund, a recipient of certain assigned sales and use tax revenues.
COFINA	- Puerto Rico Sales Tax Financing Corporation.
DTPR	- Department of the Treasury of Puerto Rico.
DTPR Collection System	- This is the software system that DTPR uses for collections.
FAM	- Municipal Fund Administration, a recipient of certain assigned sales and use tax revenues.
General Collections	- All Gross tax collections received and deposited into the TSA from all Hacienda Collection Posts and/or through the Hacienda Colecturia Virtual (online).
General Fund	- General Fund (Operating Fund) means the Commonwealth principal operating fund; disbursements from such fund are generally approved through the Commonwealth's annual budgeting process.
HTA	- Puerto Rico Highways and Transportation Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
JRS	- Judiciary Retirement System means the Retirement System for the Judiciary of the Commonwealth of Puerto Rico, a statutory trust created to provide pension and other benefits to retired judges of the Judiciary Branch of the Commonwealth. JRS is a fiduciary fund of the Commonwealth of Puerto Rico for purposes of the Commonwealth's financial statements.
Liquidity Plan (LP)	- The Liquidity Plan is the translation of the Certified Fiscal Plan ("CFP") and Certified Budget ("Budget") into a cash flow projection. The TSA Liquidity Plan encompasses all cash flow activity within the TSA. Certain cash flow activity is contemplated in the CFP and Budget, but occurs outside the TSA. Cash flow bridges from the TSA to the CFP and Budget have been included to facilitate comparison.
Net Payroll	- Net payroll is equal to gross payroll less tax withholdings and other deductions.
NAP	- NAP, or the Nutrition Assistance Program, also known as PAN, or Programa de Asistencia Nutricional is a federal assistance nutritional program provided by the United States Department of Agriculture (USDA) solely to Puerto Rico.
Pension PayGo	- Pension PayGo - Puerto Rico pension system that is funded through a pay-as-you-go system. Retirement benefits expenses of government employers are paid by the central government and reimbursed by the employers, with such funds received by the TSA.
PREPA	- Puerto Rico Electric Power Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
PRHA	- Puerto Rico Housing Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
PSTBA	- The PSTBA is an amount established under Act 91-2006, as amended, and the Sales Tax Revenue Bond Resolution, as amended and restated on June 10, 2009 (the "Bond Resolution"), that currently must be received by COFINA from 5.5% of the SUT before the Commonwealth can receive any of the other 5.5% SUT.
Public Corporation	- Public corporations are governmental authorities with autonomous structure separate from the central government administration and with independent treasury functions.
Retained Revenues	- Revenues conditionally assigned to certain public corporations and the collections of those revenues are through accounts referred to as "pass-through" accounts. The largest of these pass-through accounts consist of (i) AACA auto insurance, (ii) AFI/RBC petroleum tax, (iii) ASC personal injury insurance, (iv) HTA toll revenues.
SIFC	- State Insurance Fund Corporation, a public corporation and a component unit of the Commonwealth of Puerto Rico.
Special Revenue Funds	- Commonwealth governmental funds separate from the General Fund that are created by law, are not subject to annual appropriation and have specific uses established by their respective enabling legislation. Special Revenue Funds are funded from, among other things, revenues from federal programs, tax revenues assigned by law to public corporations and other third parties, fees and charges for services by agencies, dividends from public corporations and financing proceeds.
SURI	- Sistema Unificada de Rentas Internas is the new digital tool of the Department of the Treasury that will allow integration and streamlining of the administration of taxes and revenues and eliminate the complexity of the current systems for the benefit of the Treasury and the taxpayers.
TSA	- Treasury Single Account, the Commonwealth's main operational bank account (concentration account) in which a majority of receipts from Governmental funds are deposited and from which most expenses are disbursed. TSA receipts include tax collections, charges for services, intergovernmental collections, the proceeds of short and long-term debt issuances and amounts held in custody by the Secretary of the Treasury for the benefit of the Commonwealth's fiduciary funds. Only a portion of the revenues received by the TSA is included in the annual General Fund budget presented to the Puerto Rico Legislative Assembly for approval. Other revenues are separately assigned by law to certain agencies or public corporations but still flow through the TSA.

## Introduction

- Enclosed is the weekly Treasury Single Account ("TSA") cash flow report and supporting schedules with weekly actual results YTD FY20 compared to the FY2019 actual results.
- TSA is the Commonwealth's main operational bank account (concentration account) in which a majority of receipts from Governmental funds are deposited and from which most expenses are disbursed.
- Receipts in the TSA include tax collections (including revenues assigned to certain public corporations and pledged for the payment of their debt service), charges for services, intergovernmental collections (such as reimbursements from Federal assistance grants), the proceeds of short and long-term debt issuances held in custody by the Secretary of Treasury for the benefit of the Government fiduciary funds, and other receipts. Only a portion of the revenues received by the TSA is included in the annual General Fund budget presented to the Puerto Rico Legislative Assembly for approval. Other revenues are separately assigned by law to certain agencies or public corporations but still flow through the TSA.
- Disbursements from the TSA include payroll and related costs, vendor and operational disbursements (including those reimbursed by Federal assistance grants and funded from Special Revenue Funds), welfare expenditures, capital outlays, debt service payments, required budgetary formulas and appropriation payments, pass-through payments of pledged revenues to certain public corporations, tax refunds, payments of current pension benefits and other disbursements.
- Federal funds related to disaster relief for hurricanes Irma and Maria are deposited in a separate bank account overseen by the Government Authorized Representative ("GAR"). Funds may be transferred to the TSA either: (i) after admissible disbursements (per approved Project Worksheets) have been made or (ii) once supporting documentation for an accrual or related expense are provided to and approved by FEMA. Therefore, FEMA funding may also be received in advance of actual cash disbursement, as payments to vendors may occur subsequent to when the corresponding services are rendered / expenses are recorded.
- Data limitations and commentary:
  - The government has focused on cash transaction information for which access to reliable, timely, and detailed data is readily available. The government continues to work with DTPR and other parties to access additional reliable data that would help to provide additional detail in the future.
- The report for the week ended 7/12/19 reflects actual results versus the same period prior year. The FY20 liquidity plan is under development, once complete, the weekly report will reflect a comparison to liquidity plan along with the traditional supporting schedules.

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*Executive Summary - TSA Cash Flow Actual Results*

*(figures in Millions)*

\$7,626	\$452	\$401	\$264
Bank Cash Position	Weekly Cash Flow	YTD Net Cash Flow	YTD Net Cash Flow Variance

**YTD Net Cash Flow Variance (FY20 versus FY19) as of July 19, 2019**

<u>Cash Flow line item</u>	<u>FY20 vs FY19 Variance</u>	<u>Comments</u>
1 State collections	180	1. State collections variance is assumed to be timing related and expected to reverse in subsequent weeks.
2 Tax Refunds & Garnishments	81	2. Decrease in tax refunds and garnishments is mostly due to refunds issued in FY19 pertaining to returns from previous years.
3 Paygo charge	72	3. Variance in PayGo receipts reflect intra-month timing and expected to reverse later this month.
4 Public corporation loan repayment	(126)	4. Puerto Rico Central Government loaned \$300M to PREPA pursuant the Superpriority Post-petition Revolving Credit Loan Agreement in February of FY2018. FY19 inflow relates to mandatory loan repayments based on PREPA revenues and cash balance in FY2019.
5 All Other	57	
<b>Total Variance</b>	<u><u>\$ 264</u></u>	

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TSA Cash Flow Actual Results for the Week Ended July 19, 2019

(figures in Millions)				
	FY20 Actual 7/19	FY20 Actual YTD	FY19 Actual YTD (a)	Variance YTD FY20 vs FY19
<b>State Collections</b>				
1 General fund collections (b)	\$672	\$961	\$682	\$279
2 Non-General fund pass-through collections (c)	5	20	58	(38)
3 Other special revenue fund collection	7	18	30	(12)
4 Other state collections (d)	3	16	65	(49)
5 Subtotal - State collections	\$687	\$1,015	\$835	\$180
<b>Federal Fund Receipts</b>				
6 Medicaid	2	27	\$227	(200)
7 Nutrition Assistance Program	40	63	185	(122)
8 FEMA	42	51	11	40
9 Employee Retention Credits (ERC)	-	-	27	(27)
10 Vendor Disbursements, Payroll, & Other	13	59	78	(19)
11 Subtotal - Federal Fund receipts	\$97	\$200	\$528	(\$328)
<b>Balance Sheet Related</b>				
12 Paygo charge	3	72	-	72
13 Public corporation loan repayment	-	-	\$126	(126)
14 Other	-	-	-	-
15 Subtotal - Other Inflows	\$3	\$72	\$126	(\$54)
16 <b>Total Inflows</b>	<b>\$787</b>	<b>\$1,287</b>	<b>\$1,489</b>	<b>(\$202)</b>
<b>Payroll and Related Costs (e)</b>				
17 General Fund	(26)	(139)	(152)	13
18 Federal Fund	-	(27)	(28)	1
19 Other State Funds	(4)	(12)	(11)	(1)
20 Subtotal - Payroll and Related Costs	(\$30)	(\$178)	(\$191)	\$13
<b>Vendor Disbursements (f)</b>				
21 General fund	(29)	(96)	(140)	44
22 Federal fund	(21)	(96)	(100)	4
23 Other State fund	(14)	(42)	(63)	21
24 Subtotal - Vendor Disbursements	(\$64)	(\$234)	(\$303)	\$69
<b>Appropriations - All Funds</b>				
25 General Fund	(173)	(187)	(195)	8
26 Federal Fund	-	-	(220)	220
27 Other State Fund	(3)	(16)	(17)	1
28 Subtotal - Appropriations - All Funds	(\$176)	(\$203)	(\$432)	\$229
<b>Other Disbursements - All Funds</b>				
29 Pension Benefits	(3)	(122)	(101)	(21)
30 Tax Refunds & Garnishments (g)	(7)	(24)	(105)	81
31 Nutrition Assistance Program	(55)	(119)	(190)	71
32 Title III Costs	-	(6)	(25)	19
33 FEMA Cost Share	-	-	-	-
34 Other Disbursements	-	-	(5)	5
35 Cash Reserve	-	-	-	-
36 Loans and Tax Revenue Anticipation Notes	-	-	-	-
37 Subtotal - Other Disbursements - All Funds	(\$65)	(\$271)	(\$426)	\$155
38 <b>Total Outflows</b>	<b>(\$335)</b>	<b>(\$886)</b>	<b>(\$1,352)</b>	<b>\$466</b>
39 <b>Net Operating Cash Flow</b>	<b>452</b>	<b>\$401</b>	<b>\$137</b>	<b>\$264</b>
40 Bank Cash Position, Beginning (h)	7,174	7,225	3,098	
41 <b>Bank Cash Position, Ending (h)</b>	<b>\$7,626</b>	<b>\$7,626</b>	<b>\$3,235</b>	

**Note:** Refer to the next page for footnote reference descriptions.



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*FY19 TSA Cash Flow Actual Results - Footnotes*

Footnotes:

- (a) Represents FY2019 actual results through July 20, 2019.
- (b) Represents gross tax collections received and deposited from all Hacienda Collection Posts, through the Hacienda Colecturia Virtual (online) and/or SURI.
- (c) These revenues are collected by DTPR and immediately appropriated.
- (d) Inflows related to the State Insurance Fund, the Department of Labor and Human Resources, the Commissioner of Financial Institutions, and others. Additionally, as of the date of this report, the "Other State Collections" line item includes approximately \$256M in unreconciled collections due to DTPR transition to collecting various gross tax receipts through the new SURI system. The transition from the Hacienda Colecturia collections system to SURI is ongoing and as such, revenue concept detail for the general tax SURI collections is not available at this time for the portion of collections received by the new general tax SURI account. This resulted in timing-related unreconciled gross collections which will be retroactively allocated to "General Collections" as appropriate once this information becomes available.
- (e) Represents total gross payroll. Gross payroll includes net payroll disbursed to government employees, cash transfers to the Police Department for payroll costs, and other payroll related costs (employee withholdings, social security, insurance, and other deductions).
- (f) Includes payments to third-party vendors as well as intergovernmental payments to agencies with separate Treasuries.
- (g) Includes garnishments and Federally Funded Employee Retention Credits.
- (h) Excludes BPPR Clawback Accounts (for clawback revenues prior to June 2016) of \$147M.